

Message Text

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ACTION OES-09

INFO OCT-01 EUR-12 EA-12 ISO-00 ACDA-12 CIAE-00 INR-10
IO-14 L-03 NSAE-00 NSC-05 EB-08 NRC-07 SOE-02
DODE-00 SS-15 SP-02 CEQ-01 PM-05 SAS-02 PA-02
ICA-20 /142 W
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R 121801Z SEP 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 1798
USDOE WASHDC
USDOE GERMANTOWN
INFO EC COLLECTIVE
AMEMBASSY TOKYO
AMEMBASSY VIENNA
AMEMBASSY MADRID

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USEEC, USIAEA

E. O. 11652: N/A
TAGS: TECH, ENRG, GW
SUBJECT: URANIUM ENRICHMENT CONTRACTS

1. SEPTEMBER 11 ISSUE OF DIE WELT REPORTS ON FORTH-
COMING VISIT OF DOE'S BILL VOIGT FOR TALKS WITH FRG
OFFICIALS AND GERMAN UTILITIES ON NEW DOE ADJUSTABLE
FIXED COMMITMENT CONTRACTS. AN INFORMAL TRANSLATION
FOLLOWS:

2. "AMERICANS DESIRE SELL MORE ENRICHED URANIUM,"
BY HEINZ HECK, BONN.

WASHINGTON IS ENGAGED IN CONCLUDING NEW URANIUM
ENRICHMENT CONTRACTS WITH WEST GERMAN ELECTRICITY
SUPPLY COMPANIES. THE RESPONSIBLE DIVISION CHIEF IN
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THE DEPARTMENT OF ENERGY, WILLIAM R. VOIGT, WILL BE
IN BONN ON 21 AND 22 SEPTEMBER FOR DISCUSSIONS WITH
THE FEDERAL GOVERNMENT AND SUPPLY COMPANIES. THIS
VISIT IS NOTABLE SINCE THIS IS THE FIRST TIME THE
U. S. HAS ACTIVELY PROMOTED SALES OF ENRICHMENT
SERVICES.

THERE ARE VARYING EXPLANATIONS BEING MADE IN BONN FOR THIS NEW STYLE IN AMERICAN SALES POLICY. IN SPITE OF COMMITMENTS MADE BY PRESIDENT CARTER AT THE BONN ECONOMIC SUMMIT, DOUBTS ABOUT THE RELIABILITY AND THE ABILITY TO COUNT ON AMERICAN DELIVERIES PERSISTS IN THE INDUSTRY. AMERICA SOWED THESE DOUBTS BY THE PASSAGE IN MARCH OF THE NUCLEAR NON-PROLIFERATION ACT. CONSUMERS EVERYWHERE IN THE WORLD, AND IN THE FRG, HAVE HELD BACK IN CONCLUDING NEW CONTRACTS AND HAVE PUT INCREASING EMPHASIS ON DIVERSIFYING THEIR SOURCES OF SUPPLY.

IN ADDITION, WASHINGTON HAS PLANS TO INCREASE ITS URANIUM ENRICHMENT CAPACITY OF ITS THREE EXISTING DIFFUSION PLANTS FROM 17,200 TONS A YEAR OF SEPARATIVE WORK TO ABOUT 23,000 TONS. THE U.S. IS ALSO GOING FORWARD WITH CONSTRUCTION OF A CENTRIFUGE FACILITY WITH A PROJECTED OUTPUT OF 4,000- 5,000 TONS OF SEPARATIVE WORK ANNUALLY. (THE PRODUCTION METHOD IS COMPARABLE TO THAT USED IN THE BRITISH-DUTCH-GERMAN URANIUM ENRICHMENT FACILITY URENCO; IT IS, HOWEVER, A U.S.-DEVELOPED METHOD.)

THIS CENTRIFUGE WILL PROBABLY BE COMPLETE BY THE EARLY 1980'S AND WILL COME ON THE MARKET WITH ITS ADDITIONAL ENRICHMENT CAPACITY: THIS PLANT'S UNCLASSIFIED

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CAPACITY, IN SPITE OF CARTER'S CONCERNS ABOUT NUCLEAR POLICY, IS ALREADY FOCUSED ON LONG-TERM CONTRACTS.

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WASHINGTON IS THEREFORE BEING MORE FORTHCOMING. WHILE FOREIGN CONSUMERS OF URANIUM HAVE IN THE PAST BEEN FORCED TO CONCLUDE CONTRACTS 8 TO 10 YEARS BEFORE PLANNED USE(SO-CALLED FIXED COMMITMENT CONTRACTS), THE US DEPARTMENT OF ENERGY IS NOW OFFERING A NEW, FLEXIBLE TYPE OF CONTRACT (ADJUSTABLE FIXED COMMITMENT CONTRACTS). THESE PERMIT LESS WAITING TIME AND ADJUSTMENTS IN DELIVERY DATES FOR RELATIVELY LOW CHARGES.

WASHINGTON'S LONG WAITING PERIODS, COMBINED WITH ITS PREVAILING MONOPOLY POSITION IN ENRICHMENT (AT LEAST IN THE WEST), HAS CAUSED CONSUMERS TO BE FRIGHTENED AWAY AND TO TURN TO THE SOVIETS WHO HAVE HAD A MORE LIBERAL SALES POLICY FOR MANY YEARS. NONETHELESS, THERE HAS BEEN LITTLE INCLINATION AMONG UNCLASSIFIED

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MOST CONSUMERS TO TRADE ONE KIND OF DEPENDENCY FOR ANOTHER. PROBABLY AROUND THE BEGINNING OF 1979 THE FRENCH EURODIF FACILITY WILL BEGIN PRODUCTION AT ABOUT 2,500 TONS OUTPUT PER YEAR. THE COUNTRIES WHICH HAVE PARTICIPATED FINANCIALLY IN EURODIF ARE COMMITTED ACCORDING TO THEIR PERCENTAGE OF PARTICIPATION TO PURCHASE A COMPARABLE AMOUNT OF ENRICHMENT SERVICES. (SUCH COUNTRIES AS, FOR EXAMPLE, ITALY, IRAN AND SPAIN). ONLY IN THIS SENSE IS EURODIF "BOOKED UP." ITALY, FOR EXAMPLE, HAS NO USE FOR ANY ENRICHED URANIUM WHICH IT WILL HAVE TO TAKE FROM FRANCE.

FOR THE ABOVE REASONS THERE IS NOW AN INCREASINGLY UNCERTAIN MARKET FOR ENRICHMENT SERVICES, AND THIS IS DEPRESSING PRICES AND WEAKENING THE U.S. POSITION WHEN COMPARED TO EARLIER YEARS. URENCO ITSELF WILL ONLY PLAY A ROLE SOMETIME IN THE FUTURE; THE ALMELO

(HOLLAND) FACILITY IS NOW PRODUCING ABOUT 200 TONS
OF SEPARATIVE WORK PER YEAR. COMPARISON:
A BIBLIS-TYPE REACTOR WITH 1300 MEGAWATT CAPACITY
USES ABOUT 130 TONS PER YEAR. UNQUOTE
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: URANIUM, SALES, POLICIES, CONTRACTS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BONN16698
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780371-0065
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780974/aaaacira.tel
Line Count: 175
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ccd9df51-c288-dd11-92da-001cc4696bcc
Office: ACTION OES
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1458573
Secure: OPEN
Status: NATIVE
Subject: URANIUM ENRICHMENT CONTRACTS
TAGS: TECH, ENRG, GE, (VOIGT, WILLIAM R)
To: STATE COM
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ccd9df51-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014